

SHERIDAN TOWNSHIP
MECOSTA COUNTY, MICHIGAN

AUDIT REPORT

MARCH 31, 2004

54-1150

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

| | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------------------------------------|-------------------|
| Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other | | Local Government Name SHERIDAN TOWNSHIP | County MECOSTA |
| Audit Date MARCH 31, 2004 | Opinion Date JUNE 15, 2004 | Date Accountant Report Submitted to State: JUNE 29, 2004 | |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

| | Enclosed | To Be Forwarded | Not Required |
|-------------------------------------------------------------------------------|----------|-----------------|--------------|
| The letter of comments and recommendations. | X | | |
| Reports on individual federal financial assistance programs (program audits). | | | X |
| Single Audit Reports (ASLGU). | | | X |

| | | | |
|-----------------------------------------------------------------------|--|--------------------|-----------------|
| Certified Public Accountant (Firm Name) TERRY KIRKPATRICK, CPA, PC | | | |
| Street Address 211 MAPLE STREET | | City BIG RAPIDS | State MI |
| Accountant Signature <i>Terry D. Kirkpatrick, CPA</i> | | ZIP 49307 | Date 6-22-04 |

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Independent Auditor's Report

June 15, 2004

To the Honorable Supervisor and Members of Sheridan
Township Board, Mecosta County, Michigan:

We have audited the accompanying general purpose financial statements of Sheridan Township, Mecosta County, Michigan as of and for the year ended March 31, 2004 as listed on the contents page. These general purpose financial statements are the responsibility of the management of Sheridan Township. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Township of Sheridan as of March 31, 2004 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary financial data as listed on the contents page is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Sheridan, Mecosta County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Terry Kirkpatrick, CPA, P.C.

Sheridan Township – Mecosta County, Michigan
Combined Balance Sheet – All Fund Types and Account Groups
March 31, 2004

| | <u>Governmental Fund Type</u> | | <u>Fiduciary Funds</u> | <u>Account Group</u> | <u>Totals (Memorandum Only)</u> |
|------------------------------------|-----------------------------------|----------------------------|----------------------------|---------------------------------|-----------------------------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Agency</u> | <u>General Fixed Assets</u> | |
| ASSETS | | | | | |
| Cash in Bank | \$ 133,607 | \$ 716 | \$ 106 | \$ 0 | \$ 134,429 |
| Due from County | 4,667 | 40 | 0 | 0 | 4,707 |
| Due from Current Tax Fund | 106 | 0 | 0 | 0 | 106 |
| Land | 0 | 0 | 0 | 3,500 | 3,500 |
| Buildings and Improvements | 0 | 0 | 0 | 50,131 | 50,131 |
| Equipment | 0 | 0 | 0 | 16,411 | 16,411 |
| Total assets | <u>\$ 138,380</u> | <u>\$ 756</u> | <u>\$ 106</u> | <u>\$ 70,042</u> | <u>\$ 209,284</u> |
| LIABILITIES AND FUND EQUITY | | | | | |
| Due to General Fund | \$ 0 | \$ 0 | \$ 106 | \$ 0 | \$ 106 |
| Due to Other Units | 68 | 0 | 0 | 0 | 68 |
| Payroll Taxes Payable | 667 | 0 | 0 | 0 | 667 |
| Investment in General Fixed Assets | 0 | 0 | 0 | 70,042 | 70,042 |
| Fund Balance | 137,645 | 756 | 0 | 0 | 138,401 |
| Total liabilities and fund balance | <u>\$ 138,380</u> | <u>\$ 756</u> | <u>\$ 106</u> | <u>\$ 70,042</u> | <u>\$ 209,284</u> |

The "Notes to Financial Statements" are an integral part of these statements.

Sheridan Township – Mecosta County, Michigan

**Combined Statement of Revenues, Expenditures and Changes in Fund Balance – All Governmental Fund Types
For the Year Ended March 31, 2004**

| | <u>General</u> | <u>Special Revenue</u> | <u>Totals (Memorandum Only)</u> |
|---------------------------------------------------------|-------------------|----------------------------|-------------------------------------|
| REVENUES | | | |
| Taxes | \$ 36,704 | \$ 0 | \$ 36,704 |
| Special Assessments | 0 | 1,380 | 1,380 |
| State Grants | 95,570 | 0 | 95,570 |
| Charges for Services | 2,321 | 0 | 2,321 |
| Interest and Rents | 2,195 | 0 | 2,195 |
| Other Revenue | 4,880 | 0 | 4,880 |
| Total revenues | <u>141,670</u> | <u>1,380</u> | <u>143,050</u> |
| EXPENDITURES | | | |
| Legislative | 12,858 | 0 | 12,858 |
| General Government | 55,146 | 0 | 55,146 |
| Public Safety | 19,602 | 0 | 19,602 |
| Public Works | 98,979 | 624 | 99,603 |
| Recreation and Cultural | 300 | 0 | 300 |
| Other Functions | 6,115 | 0 | 6,115 |
| Total expenditures | <u>193,000</u> | <u>624</u> | <u>193,624</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (51,330) | 756 | (50,574) |
| FUND BALANCE - April 1, 2003 | 188,975 | 0 | 188,975 |
| FUND BALANCE - March 31, 2004 | \$ 137,645 | \$ 756 | \$ 138,401 |

The "Notes to Financial Statements" are an integral part of these statements.

Sheridan Township – Mecosta County, Michigan

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund
For the Year Ended March 31, 2004

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|-------------------------------|----------------|----------------|----------------------------------------|
| REVENUES | | | |
| Taxes | \$ 38,902 | \$ 36,704 | \$ (2,198) |
| State Grants | 100,400 | 95,570 | (4,830) |
| Charges for Services | 3,850 | 2,321 | (1,529) |
| Interest and Rents | 3,500 | 2,195 | (1,305) |
| Other Revenue | 50 | 4,880 | 4,830 |
| Total revenues | <u>146,702</u> | <u>141,670</u> | <u>(5,032)</u> |
| EXPENDITURES | | | |
| Legislative | | | |
| Township board | 19,700 | 12,858 | 6,842 |
| General Government | | | |
| Supervisor | 7,600 | 7,250 | 350 |
| Elections | 2,450 | 848 | 1,602 |
| Assessor | 13,300 | 12,900 | 400 |
| Clerk | 11,000 | 10,009 | 991 |
| Board of review | 2,000 | 1,486 | 514 |
| Treasurer | 13,500 | 12,605 | 895 |
| Building and grounds | 14,100 | 5,941 | 8,159 |
| Cemetery | 9,900 | 4,107 | 5,793 |
| Total general government | <u>73,850</u> | <u>55,146</u> | <u>18,704</u> |
| Public Safety | | | |
| Fire fighting | 29,000 | 19,602 | 9,398 |
| Public Works | | | |
| Highways, streets and bridges | 117,942 | 97,827 | 20,115 |
| Street lighting | 1,500 | 1,152 | 348 |
| Total public works | <u>119,442</u> | <u>98,979</u> | <u>20,463</u> |
| Recreation and Cultural | | | |
| Library | 800 | 0 | 800 |
| Parks and recreation | 1,200 | 300 | 900 |
| Total recreation and cultural | <u>2,000</u> | <u>300</u> | <u>1,700</u> |
| Other Functions | | | |
| Insurance and bonds | 6,500 | 3,104 | 3,396 |
| Retirement | 9,600 | 3,011 | 6,589 |
| Total other functions | <u>16,100</u> | <u>6,115</u> | <u>9,985</u> |
| Total expenditures | <u>260,092</u> | <u>193,000</u> | <u>67,092</u> |

Sheridan Township – Mecosta County, Michigan

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund – Continued
For the Year Ended March 31, 2004

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|-------------------------------------------------|------------------|-------------------|----------------------------------------|
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (113,390) | (51,330) | 62,060 |
| FUND BALANCE - April 1, 2003 | 188,975 | 188,975 | 0 |
| FUND BALANCE - March 31, 2004 | <u>\$ 75,585</u> | <u>\$ 137,645</u> | <u>\$ 62,060</u> |

The "Notes to Financial Statements" are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

Sheridan Township – Mecosta County, Michigan

Notes to Financial Statements - Continued

For the Year Ended March 31, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present Sheridan Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

Basis of Presentation

The accounts of the Township are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded in those funds.

The financial activities of Sheridan Township are recorded in separate funds and account groups categorized as follows:

GOVERNMENTAL FUNDS

General Fund

This fund is used to account for all financial resources except those provided for in another fund. Revenues are primarily derived from property taxes, State and Federal aid, and charges for services to provide for the administration and operation of: (1) general local unit governmental departments, boards and commissions; (2) court systems; (3) law enforcement; and (4) health, welfare and medical assistance. The fund includes the general operating expenditures of the local unit.

Special Revenue Funds

These funds are to account for specific revenue (other than expendable trusts or major capital projects) derived from State and Federal grants, General Fund appropriations and charges for services which are to be expended for specific purposes as dictated by legal, regulatory or administrative requirements.

FIDUCIARY FUNDS

Trust and Agency Funds

These funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include: (a) Expendable Trust Funds; (b) Nonexpendable Trust; (c) Pension Trust Fund; and (d) Agency Funds.

ACCOUNT GROUPS

General Fixed Assets Account Group

This Account Group presents the fixed assets of the local unit utilized in its general operations (nonproprietary fixed assets).

Sheridan Township – Mecosta County, Michigan

Notes to Financial Statements - Continued
For the Year Ended March 31, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fixed assets used in the general operation of the Township are recorded as expenditures when purchased and are accounted for in the General Fixed Assets Account Group. No depreciation is recorded for these general fixed assets. Infrastructure assets, including roads, bridges, sanitary sewers, drains, curbs, and gutters are not capitalized.

Basis of Accounting

The accrual basis of accounting is used by the Proprietary Funds, Pension Trust Funds, and Nonexpendable Trust Funds. The modified-accrual basis of accounting is used by all Governmental Funds, Agency Funds and Expendable Trust Funds. Revenue and all other sources are recognized in the accounting period in which they become susceptible to accrual – that is when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recognized when the related liability is incurred. Modifications from the accrual basis are as follows:

- a. Property tax revenue should be recognized in accordance with MCGAA Statement 3:

Properties are assessed and lienied as of December 31 and their related property taxes are billed on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county delinquent tax rolls.

- b. Interest income on special assessments receivable is not accrued until its due date.
- c. Interest expense on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.
- d. Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase.
- e. Normally, expenditures are not divided between years by the recording of prepaid expenses.

Current Taxes

The Sheridan Township property tax is levied on each December 1st on the State taxable valuation of property located in Sheridan Township as of the preceding December 31st.

Although the Sheridan Township 2003 ad valorem tax is levied and collectible on December 1, 2003, it is Sheridan Township's policy to recognize revenue from the current tax levy.

The 2003 State equalized valuation of Sheridan Township totaled \$25,790,000, on which ad valorem taxes levied consisted of 1.1039 mills for Sheridan Township operating purposes. These amounts are recognized in the General Fund.

Budgetary Data

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. At the board meeting in March, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them for the General Fund.
2. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
3. Prior to March 31, the budget is legally enacted on a departmental (activity) basis through passage of a resolution.

Sheridan Township – Mecosta County, Michigan
Notes to Financial Statements - Continued
For the Year Ended March 31, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4. Budget and appropriations lapse at year-end except for approved contracts and certain federal grants which are appropriated on a contract (grant) or entitlement-length basis.

Total Column on Combined Statements – Overview

The total column on the Combined Statements is captioned “Memorandum Only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation because interfund eliminations have not been made in the aggregation of this data.

NOTE B – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS

Assets and Liabilities

1. Schedule of Changes in General Fixed Assets

| | Balance 4/1/2003 | Additions | Deletions | Balance 3/31/2004 |
|---------------------------|---------------------|-------------|-------------|----------------------|
| Land | \$ 3,500 | \$ 0 | \$ 0 | \$ 3,500 |
| Building and Improvements | 50,131 | 0 | 0 | 50,131 |
| Equipment | 16,411 | 0 | 0 | 16,411 |
| Total | <u>\$ 70,042</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 70,042</u> |

NOTE C – BALANCE SHEET – CASH AND INVESTMENTS

Deposits are carried at cost. Deposits are in one financial institution in the name of Sheridan Township. Michigan Compiled Laws, Section 129.91, authorizes Sheridan Township to deposit and invest in the accounts of Federally-insured banks, credit unions, and savings and loan associations. Investments can also be made in bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States, which are guaranteed as to principal and interest by the United States, including securities issued by the Government National Mortgage Association; United States government or Federal agency banks; commercial paper rated with the two highest classifications by not less than two standard rating services which mature not more than 270 days after the date of purchase. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General’s Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan, unless the out-of-state bank has a branch located in Michigan. The Sheridan Township deposits are in accordance with statutory authority.

The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosure for deposits at year end are as follows:

| | <u>Bank Balance</u> | <u>Primary Government</u> |
|-----------------|---------------------|---------------------------|
| <u>Deposits</u> | | |
| Insured (FDIC) | \$ 100,000 | |
| Uninsured | 36,217 | |
| Total deposits | <u>\$ 136,217</u> | |

At year end, the balance sheet carrying amount of deposits was \$134,429.

Sheridan Township – Mecosta County, Michigan

Notes to Financial Statements - Continued

For the Year Ended March 31, 2004

NOTE D – RISK FINANCING

Sheridan Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; liability; and natural disasters. These risks are covered by insurance purchased from third parties. Settled claims for these risks have not exceeded insurance coverage for the past two years.

INDIVIDUAL FUND FINANCIAL STATEMENTS

Sheridan Township – Mecosta County, Michigan

Special Revenue Funds

Winchester Special Assessment Fund

Balance Sheet

March 31, 2004

ASSETS

Cash in Bank

\$ 716

Due from Mecosta County

40

Total assets

\$ 756

LIABILITIES AND FUND EQUITY

Fund Balance

\$ 756

Sheridan Township – Mecosta County, Michigan

Special Revenue Funds

Winchester Special Assessment Fund

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended March 31, 2004

REVENUES

Special assessments

\$ 1,380

EXPENDITURES

Highways and streets

Contract services

600

Miscellaneous

24

Total expenditures

624

EXCESS OF REVENUE OVER (UNDER)

EXPENDITURES

756

FUND BALANCE- April 1, 2003

0

FUND BALANCE - March 31, 2004

\$ 756

SUPPLEMENTARY FINANCIAL DATA

Sheridan Township – Mecosta County, Michigan

General Fund

Detail Schedule of Actual Expenditures

For the Year Ended March 31, 2004

LEGISLATIVE

| | |
|-------------------------|------------------|
| Township Board | |
| Salaries and wages | \$ 4,200 |
| Supplies | 1,717 |
| Printing and publishing | 2,780 |
| Contracted services | 1,010 |
| Travel and training | 1,756 |
| Memberships and dues | 1,395 |
| Total legislative | <u>\$ 12,858</u> |

GENERAL GOVERNMENT

| | |
|----------------------------|---------------|
| Supervisor | |
| Salaries and wages | \$ 7,250 |
| Elections | |
| Wages | 672 |
| Miscellaneous | 176 |
| Total elections | <u>848</u> |
| Assessor | |
| Contracted services | 12,900 |
| Clerk | |
| Salaries and wages | 10,000 |
| Miscellaneous | 9 |
| Total clerk | <u>10,009</u> |
| Board of Review | |
| Salaries and wages | 1,360 |
| Miscellaneous | 126 |
| Total board of review | <u>1,486</u> |
| Treasurer | |
| Salaries and wages | 12,594 |
| Miscellaneous | 11 |
| Total treasurer | <u>12,605</u> |
| Building and Grounds | |
| Salaries and wages | 448 |
| Operating supplies | 2,016 |
| Contracted services | 290 |
| Telephone | 1,579 |
| Utilities | 1,397 |
| Travel | 211 |
| Total building and grounds | <u>5,941</u> |

Sheridan Township – Mecosta County, Michigan

General Fund

Detail Schedule of Actual Expenditures - Continued

For the Year Ended March 31, 2004

| | |
|----------------------------------------|------------------|
| Cemetery | |
| Salaries and wages | 3,136 |
| Miscellaneous | 971 |
| Total cemetery | <u>4,107</u> |
| Total general government | <u>\$ 55,146</u> |
| PUBLIC SAFETY | |
| Fire Fighting | |
| Contracted services | <u>\$ 19,602</u> |
| PUBLIC WORKS | |
| Highways, Streets and Bridges | |
| Contracted services | \$ 97,827 |
| Street Lighting | |
| Utilities | 1,152 |
| Total public works | <u>\$ 98,979</u> |
| RECREATION AND CULTURAL | |
| Parks and Recreation | |
| Contributed to swim program | <u>\$ 300</u> |
| OTHER FUNCTIONS | |
| Insurance and Bonds | |
| Insurance and bonds | \$ 3,104 |
| Retirement | |
| Local unit's share social security tax | 3,011 |
| Total other functions | <u>\$ 6,115</u> |

Sheridan Township – Mecosta County, Michigan

Current Tax Fund

Statement of 2003 Tax Levy – Receipts and Disbursements For the Year Ended March 31, 2004

| | Rate in Mills | Taxable Valuation | 2003 Tax Levy | Returned Delinquent | Tax Collected |
|---------------------------------|------------------|----------------------|------------------|------------------------|------------------|
| Mecosta County | 7.3353 \$ | 25,790,000 \$ | 189,213 \$ | 25,460 \$ | 163,753 |
| Mecosta-Osceola ISD | 4.1080 | 25,790,000 | 105,959 | 14,257 | 91,702 |
| Chippewa Hills Schools - Debt | 4.5500 | 25,790,000 | 117,377 | 15,794 | 101,583 |
| - Operations | 18.0000 | 10,724,000 | 193,043 | 20,482 | 172,561 |
| Sheridan Township | 1.1039 | 25,790,000 | 28,472 | 4,667 | 23,805 |
| Special Assessment - Winchester | | | 1,380 | 40 | 1,340 |
| State Education Tax | 5.0000 | 25,790,000 | 128,990 | 9,150 | 119,840 |
| | | | \$ 764,434 \$ | 89,850 \$ | 674,584 |

Receipts

| | |
|-------------------------|------------|
| Total taxes collected | \$ 674,584 |
| Industrial facility tax | 1,392 |
| Dog licenses | 272 |
| Collection fees | 7,860 |
| Interest earned | 271 |
| Total receipts | \$ 684,379 |

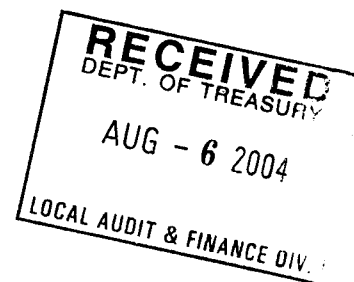
Disbursements

| | |
|--------------------------------|------------|
| Mecosta County (Including SET) | \$ 284,202 |
| Mecosta-Osceola ISD | 91,818 |
| Chippewa Hills Schools | 274,781 |
| Sheridan Township | 33,388 |
| State of Michigan | 901 |
| Total disbursements | \$ 685,090 |

TERRY KIRKPATRICK, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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June 15, 2004

Members of the Township Board
Sheridan Township
Mecosta County, Michigan

We have recently completed our audit of the general purpose financial statements of Sheridan Township for its year ended March 31, 2004. During this audit, we had an opportunity to observe accounting and financial procedures and many of your general management practices. As a result of our auditing procedures, there are some comments we want to present.

GOOD JOB OF MAINTAINING FINANCIAL RECORDS

Again this year the Clerk and Treasurer did a very good job of maintaining the Township's financial records.

BUDGET FOR WINCHESTER SPECIAL ASSESSMENT

The Township Board must also prepare a separate budget for the Winchester Subdivision Special Assessment Fund. This fund is treated as a special revenue fund, and just like the general fund it must have its own budget adopted prior to the start of the fiscal year.

OTHER MATTERS

We want to thank your personnel for the courtesy and cooperation shown us by them during our audit.

We have provided two copies of the audit report and this letter for you to send to the Michigan Department of Treasury, along with a pre-addressed envelope. Please make certain that all get mailed to the State in a timely manner.

If you have any questions regarding the above or the audit, please contact us.

Terry Kirkpatrick, CPA, P.C.